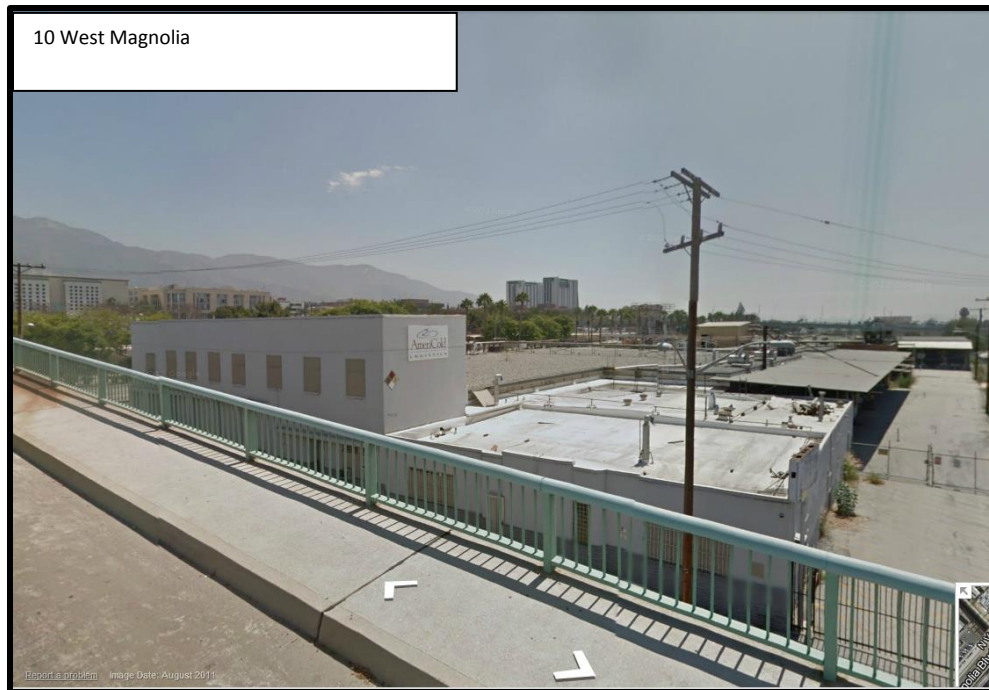


Exhibit C

Chapter 8 Red-Lined Version of Former Chapter 9



Amended and Restated Long-Range Property Management Plan – Part II

Chapter 89 – 10 West Magnolia

Parcel

10 West Magnolia is made up of APN 2451-010-904.

Acquisition & Valuation

Date of Acquisition:	September 2003
Value of Property at time of Acquisition:	\$3,815,421 (25% funded by RDA (\$679,596))
Estimate of Current Value of Property:	<u>Total Value: \$4,065,000 (Successor Agency portion 25% \$1,016,250) [†]</u>
Reason for Original Acquisition:	Transit-Oriented Development
Lot Size (SF):	<u>Total Lot Size:</u> 105,850 square feet (Successor Agency portion <u>25%</u> (26,462.50 square feet))

Land Use

Zoning:	Burbank Center Commercial Manufacturing
General Plan Designation:	Downtown Commerical
Specific Plan:	Burbank Center Plan

Current Encumbrances

There are no current encumbrances and no revenue is generated from this property, however, the Successor Agency is responsible for approximately \$2,500 worth of annual maintenance costs.

Environmental History

A number of environmental site assessments have been performed at the propertysubject, including investigations in 1987, 1997, 1998, 2007, and 2008.

Results of a Phase I and Phase II investigation in 1987 found that low to moderate levels of chloroform, tetrachloroethylene, and trichloroethylene were detected in water samples from both wells on site.

In July 1997, a Phase I Environmental Site Assessment performed by EMCON revealed use of hazardous materials on the property including anhydrous ammonia, capella oil (refrigeration lubricant), industrial truck batteries, and maintenance supplies such as paints, cleaners, and lubricants. No evidence of releases of these materials was noted during the site reconnaissance. Likewise, no American Society for Testing and Materials (ASTM) Recognized Environmental Conditions were noted during a review of the history of the subject property.

In September 1998, a Phase II Environmental Site Assessment performed by EMCON revealed soil samples obtained from the subject site had no volatile organic compound or significant hydrocarbon impacts.

[†] ~~Non-severable and value would only be realized when entire site is sold.~~

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 89 – 10 West Magnolia

In December 2007, an Asbestos and Lead Assessment was performed by MACTEC Engineering and Consulting, Inc. The report found that impacted asbestos-containing construction material should be removed prior to demolition activities. Moreover, lead in concentrations above the Consumer Product Safety Commission (CPSC) and Cal/OSHA threshold for lead was identified in the facility.

In March 2008, a Well Abandonment Report performed by MACTEC Engineering and Consulting, Inc. revealed soil cuttings and decontaminated water generated during drilling activities. Five drums that contained soil cuttings and one drum that contained decontaminated water were stored on site. The drum of decontaminated water was transported for recycling to Demenno Kerdoon located in Compton, California. The five drums of soil cuttings were transported for recycling to TPST Soil Recyclers of California, located in Adelanto, California.

In June 2008, a Supplement to the Asbestos and Lead Assessment performed by MACTEC Engineering and Consulting, Inc. revealed no detectable concentrations of asbestiform mineral concentrations.

Transit-Oriented Development Potential & Advancement of Planning Objectives

The 10 West Magnolia site is within the Downtown Transit Center as defined in the Mobility Element of the Burbank 2035 General Plan. In conformance with the policies of the Mobility Element found in the General Plan for Transit Centers, the subject area encourages density, provides reduced parking incentives, encourages better land use connections to walking and biking networks, and offers transit as potential mitigation for traffic impacts from new development. In addition, per the planning objectives outlined in the Burbank Center Plan, the subject site is identified as part of a larger transit-oriented development, per the RITC 7.19 acre site used for public transportation facility with mixed commercial/office.

Advancement of Planning Objectives

The use of the property advances planning objectives. The subject site is located immediately adjacent to the Downtown Burbank Metrolink Station and is a prime location for a large transit-oriented development. As mentioned above, the property is within the Downtown Transit Center as defined in the Mobility Element of the Burbank 2035 General Plan and the Burbank Center Plan.

History of Development Activity

The subject site was originally part of the Southern Pacific Company Depot Grounds, and in 1941 was developed ~~in 1944~~ as a cold storage facility. In June 2003, the City of Burbank (City) and the former Redevelopment Agency of the City of Burbank (Agency) entered into a Cooperation Agreement to define the separate ownership interests which the City and Agency jointly share in the acquisition of the property. The Agency owns 25 percent of the subject site and the City owns 75 percent. All expenses and all income (if any) are to be apportioned by that percentage. The Agency agreed to use, convey, or otherwise dispose of the subject site for development compatible with the transportation use. The building is currently vacant.

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 89 – 10 West Magnolia

Proposed Disposition

Pursuant to Section 34191.5 (c)(1)(H)(2)(A), which was amended by Assembly Bill No. 471 on February 18, 2014, when the plan directs use of a project identified in an approved redevelopment plan, the property shall transfer to the City. As stated above AB 471 defined the term “identified in an approved redevelopment plan” to include properties listed in a community plan. The 25% of the subject property is proposed to be transferred to the City as part of a larger transit-oriented, commercial (non-residential) mixed-use Future Development. The proposed use supports the State’s goals towards greater environmental and economic sustainability. The Successor Agency has a 25 percent interest in the property, as confirmed in a letter dated April 27, 2013, from the Department of Finance. Until the site is redeveloped, the Successor Agency will remain responsible for its share of maintenance costs.

Future development of property allows the interests of the Successor Agency (but more specifically, the taxing entities) to be preserved via agreement(s) between the City and the taxing entities for future compensation once the property is sold or leased.

As a measure of further assurance to the taxing entities, staff suggests including a grant deed restriction in the deed from the Successor Agency to the City that includes a requirement to share transaction proceeds attributed to the Successor Agency’s 25% of 10 West Magnolia Boulevard with the then taxing entities, unless other arrangements have been agreed to by those entities.

The Successor Agency’s interest of the subject site is 25% of the specific parcel at 10 West Magnolia Boulevard. However, the Successor Agency’s interest is only 26,462 square feet of a much larger seven-acre, transit-oriented development. It is therefore the sentiment that site development control must be maintained by the City which is the holder of the majority interest.

The Oversight Board desired to place some parameters in the Property Management Plan whereby the co-owners will consider options for possible development within six months, to be prepared by City staff as to the disposition of the site, with the intent of the parties to commence marketing the site within one year. The parameters must also allow for flexibility as the Successor Agency ownership interests represent roughly 26,462 square feet of a much larger seven acre (304,920 square feet) transit-oriented development opportunity site. The ultimate development process and schedule of the collective site will be market driven and transit-oriented, and cannot be solely dictated by a minority (8.7%) interest. Additionally, while these parameters represent the goals of the Oversight Board and Successor Agency, there is acknowledgment that the ultimate disposition of the site may fall outside of this timeframe as the City Council retains ultimate authority as the majority owner.

Upon disposition of the property, 25 percent of the property sale or long-term lease real estate transaction proceeds will be transmitted to Los Angeles County for distribution distributed to the taxing entities.

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 89 – 10 West Magnolia

Exhibit

A – April 27, 2013 Department of Finance Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter

EXHIBIT A

**APRIL 27, 2013 DEPARTMENT OF FINANCE OTHER FUNDS
AND ACCOUNTS (OFA) DUE DILIGENCE REVIEW (DDR)
DETERMINATION LETTER**



April 27, 2013

Ms. Ruth Davidson-Guerra, Assistant Community Development Director
City of Burbank
150 North Third Street
Burbank, CA 91502

Dear Ms. Davidson-Guerra:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated March 22, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Burbank Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 15, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on March 22, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 11, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- The DDR indicates that \$19,357,000 is legally restricted. However, included in this amount is \$1,742,663 for the City Center 1993 Series A Tax Allocation Bond reserve account. The Official Statement and Indenture of Trust state that only \$525,706 is required to be restricted in the reserve account. During the Meet and Confer process, the Agency provided additional information showing that the reserve requirement is \$1,742,663. Therefore, Finance is reversing its adjustment of \$1,216,957.
- The Agency's request to categorize \$91,791,000 as a non-cash or cash equivalent asset is partially disallowed. In Finance's initial review, it was determined that \$39,777,775 was cash transfers and advances to the City of Burbank (City). During the Meet and Confer process, the Agency provided additional information showing that \$16,502,798 of the adjustments should be reversed. The \$39,777,775 that was in question is comprised of the following:
 - Forgivable loan to the City's Housing Authority to preserve affordable housing in the amount of \$1,327,404 in June 2011. Finance had included this adjustment twice. Therefore, Finance is reversing its adjustment of \$1,327,404.
 - Transfer to the City for the Police/Fire Water Intrusion Project in the amount of \$9,547,869. The cooperation agreement related to the Police/Fire Water

Intrusion Project was approved on March 1, 2011 between the City and the former Redevelopment Agency (RDA). The City also approved a contract with a third party for the project on March 1, 2011. Therefore, the former RDA's funds were committed to a third party and Finance is reversing its adjustment of \$9,547,869.

- o Transfer to the City's Youth Endowment Services Fund in the amount of \$3,669,000 in June 2011 and January 2012. It is our understanding the fund was established by the City of Burbank. The Agency did not object to this adjustment during the Meet and Confer process; therefore, Finance continues to increase the OFA balance available by \$3,669,000.
- o Lump sum payments to the City totaling \$14,120,525 were made pursuant to a 1970 agreement and Resolution Nos. 28,301 and R2246. Per review of the two resolutions, it references a 1985 agreement. Although promissory notes were provided, there was no established repayment schedule. Furthermore, the 1970 agreement is not a loan agreement, but merely an agreement to establish the City and Agency relationship.

During the Meet and Confer process, the Agency provided additional information showing that \$3,620,525 of the payments was made pursuant to Finance's letter approving the Recognized Obligation Payment Schedules (ROPS) for the January through June 2012 and July through December 2012 periods. Therefore, Finance is reversing \$3,620,525 of its adjustment.

However, Finance continues to increase the OFA balance available by \$10.5 million. HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171. HSC section 34171 (d) (2) states "enforceable obligation" does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA. These loans were issued after the first two years of the RDA's creation; therefore, the payments for these loans are not permitted. Therefore, the transfer was not made pursuant to an enforceable obligation and is not permitted.

The repayment of these loans may become enforceable obligations after the Agency receives a Finding of Completion from Finance. If the oversight board makes a finding that the loans were for legitimate redevelopment purposes, these loans should be placed on future ROPS for repayment. Refer to HSC section 34191.4 (b) for more guidance.

- o Transfer to the City for capital improvement projects in the amount of \$9,105,700 in March 2011. The Agency did not object to this adjustment. Therefore, Finance continues to increase the OFA balance available by \$9,105,700.
- o Cash advances or loans to the City totaling \$2,007,000. It is our understanding the amount comprises of \$679,596 for property acquisition on 10 W. Magnolia and \$1,327,404 for an affordable housing preservation loan. ✓

The Agency committed to funding a portion of the land pursuant to Resolution No. 26,502 and a cooperative agreement between the City and Agency dated June 17, 2003. The Agency has a 25 percent interest in the property acquired. Therefore, the City should transfer the 25 percent interest back to the Agency to

be included for disposition in the Long Range Property Management Plan. Since this is a non-cash asset, Finance is not making an adjustment to the OFA balances available for distribution to taxing entities.

Pursuant to Resolution No. R-2255, the Agency agreed to loan \$1,327,404 to the City. The loan agreement specifies the funding sources to be used for repayment and the terms for repayment. Since this is a non-cash asset, Finance is not making an adjustment to the OFA balances available.

- The Agency's request to restrict \$52,000 in accounts receivable and \$13,000 in loans receivable is denied. It is our understanding these receivables have been collected, therefore retention of these balances as a non-liquid asset is denied and the amount to be distributed to the taxing entities will be adjusted by \$65,000. The Agency did not object to this adjustment. Therefore, Finance continues to increase the OFA balance available by \$65,000.
- It is our understanding the Oversight Board made adjustments totaling \$10,764,000 as an amount available to be remitted to the taxing entities. These adjustments consist of cash transfers for the Youth Endowment Services Fund in the amount of \$3,669,000, North San Fernando Infrastructure Project for \$4,950,000 and the Victory Blvd Corridor Project for \$2,144,700. These adjustments were already included in Procedures 2 and 3 of the DDR. As such, a decrease of \$10,764,000 was made to eliminate duplicity. The Agency did not object to this adjustment.

The Agency's OFA balance available for distribution to the affected taxing entities is \$24,303,977 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 11,728,000
Finance Adjustments	
Add:	
Disallowed transfers:	\$ 23,274,977
Accounts receivable recognized:	\$ 65,000
Adjustment to Oversight Board recommendation:	(10,764,000)
Total OFA available to be distributed:	\$ 24,303,977

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1)

(B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

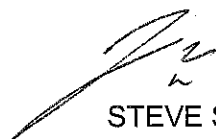
Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor or Mary Halterman, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Maribel Leyland, Housing Authority Manager, City of Burbank
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office